



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

BOARD OF SUPERVISORS

Gloria Molina
First District

Yvonne Brathwaite Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

February 21, 2003

TO: Each Supervisor

FROM: Thomas L. Garthwaite, M.D. 
Director and Chief Medical Officer

SUBJECT: **IMPROVING MANAGED CARE PLAN COLLECTIONS**

As indicated in my November 18, 2002 memo to you, this is to provide the third quarterly report on our progress in improving managed care and health care plan billing and collections.

- The Ad Hoc Committee comprised of County Counsel, facility designated physicians, Patient Financial Services Directors, Chief Financial Officers, and Utilization Management Directors has met on five (5) occasions. The meetings have been to review the current facility procedures, identify ways to improve the authorization process, develop revised policies and procedures, and enrich the knowledge base of physicians and other designated facility personnel through a training program. The Ad Hoc Committee continues to meet on a monthly basis.
- Revenue Management (RM) coordinated a visit to Good Samaritan Hospital on December 5, 2002, to observe their health care plan authorization process. Department of Health Services (DHS) staff, which included RM and a physician and the Utilization Management Director from LAC + USC Medical Center, participated in the tour. During the tour, DHS was able to follow the patient flow from the point of entry through the emergency department: to triage, treatment, and then escort back to the registration area for financial screening. The Ad Hoc Committee will be evaluating the feasibility of adopting some of Good Samaritan's processes within DHS.
- RM received a settlement offer of \$2.6 million from Maxicare for DHS pre-petition emergency service claims on September 26, 2002. DHS Finance and County Counsel's recommendation that this offer be accepted was formally approved by the DHS Chief Operating Officer (COO). Payments were expected in the late fall, however, on December 12, 2002, DHS received a telephone call from Maxicare's treasurer indicating that the bankruptcy payments would not begin until April 2003.

The payout delay is due to the bankruptcy court confirmation hearing not being scheduled until February 26, 2003.

- On November 25, 2002, DHS received Health Net settlement checks totaling \$1 million for all outstanding 1999 and 2000 Calendar Year (CYs) claims. Health Net is currently adjudicating outstanding CYs 2001 and 2002 claims.
- RM and County Counsel are continuing settlement negotiations with Universal Care. Universal Care has indicated that a settlement offer will be presented to DHS sometime before January 31, 2003.
- RM and County Counsel are continuing settlement negotiations with Molina Healthcare. On January 17, 2003, Molina informed County Counsel they were committed to resolving all outstanding claims through October 31, 2002. A meeting to discuss resolution of these claims will be scheduled for this week.
- RM and County Counsel continue to participate in the Watts Creditors Committee to resolve outstanding pre-conservatorship claims.
- RM continues to meet regularly with Care 1st to address open issues. In an effort to expedite claims adjudication, Care 1st and RM have established a process to request/provide medical records needed to adjudicate claims on a monthly basis.
- On January 13, 2003, Blue Cross made an offer of \$554,771 for all outstanding pre-contract claims. Based on analysis of these pre-contract claims by County Counsel and RM staff, the offer will be recommended to DHS' COO for approval. Blue Cross has committed to immediately begin processing the outstanding contract claims upon settlement of the pre-contract claims.
- RM continues to participate in facility Ambulatory Care Council meetings to review and present managed care plan procedures.

The Department will continue to provide quarterly reports to the Board on our progress in improving managed care plan billing and collection. We plan to provide the next report in May 2003.

If you have questions, please let me know.

TLG:jv (R:\CFOSTER\OMC_COLLECTIONS BOARD REPORT4.WPD)
201:029

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller